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FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4141  
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHAR/AMEMBASSY ACCRA 2678  
RUEHDS/AMEMBASSY ADDIS ABABA 2799  
RUEHRL/AMEMBASSY BERLIN 1265  
RUEHBY/AMEMBASSY CANBERRA 2067  
RUEHDK/AMEMBASSY DAKAR 2423  
RUEHKM/AMEMBASSY KAMPALA 2847  
RUEHNR/AMEMBASSY NAIROBI 5275  
RUEAIIA/CIA WASHDC  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
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RHEFDIA/DIA WASHDC  
RUEHGV/USMISSION GENEVA 1968  
RHEHAAA/NSC WASHDC

C O N F I D E N T I A L HARARE 000184

SIPDIS

AF/S FOR B.WALCH  
DRL FOR N. WILETT  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS  
STATE PASS TO USAID FOR J.HARMON AND L. DOBBINS

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TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [EFIN](#) [ZI](#)  
SUBJECT: GIDEON GONO MUST GO--BUT HOW?

Classified By: Ambassador James D. McGee for reason 1.4 (d)

¶1. (C) Reserve Bank of Zimbabwe (RBZ) Governor Gideon Gono has become the ZANU-PF poster boy for corruption and financial mismanagement. The MDC realizes that Gono's presence at the RBZ complicates possibilities of assistance to Zimbabwe. Prime Minister Morgan Tsvangirai has told the Ambassador on numerous occasions that Gono's exit from the scene is one of his top priorities.

¶2. (C) Minister of Finance Tendai Biti told us March 3 that he had been in continuing discussions with South African authorities and was seeking a US\$300 million line of credit for private businesses and short-term budgetary support. While South African President Motlanthe and Foreign Minister Dlamini Zuma were sympathetic, Finance Minister Trevor Manuel and Reserve Bank Governor Mboweni were opposed. Manuel appeared to be softening on lines of credit, but he had made clear his aversion to financial support to Zimbabwe as long as Gono remained in the picture. (COMMENT: Manuel's reluctance may be due to the reported misuse and waste of a South African R300 million agricultural support package to Zimbabwe for the summer growing season. END COMMENT.) Biti commented that Gono's quasi-fiscal activities and illegal supplying of forex to ZANU-PF insiders had affected the new government's credibility and that it was important he leave the RBZ.

¶3. (C) Minister of Industry Welshman Ncube spoke with us on March 4 and concurred with Biti that Gono was a liability. He recounted that he had met recently with representatives of a number of large businesses to discuss credit facilities. They told him that recovery of a collective total of US\$204 million frozen at the RBZ would be as important as credit. Ncube took up the issue with Gono who told him the money was gone. The Joint Operations Command (JOC) had ordered him to use the money for the March election in a letter of indemnity signed by then Minister of Security Didymus Mutasa. Noting that ZANU-PF was wont to protect its own, Ncube doubted strongly that Zimbabwean President Robert Mugabe would agree to his removal. He said the alternative was to marginalize Gono by eliminating RBZ quasi-fiscal activities.

¶4. (C) According to Gordon Moyo, Minister of State in the Prime Minister's Office, the MDC has a multi-pronged strategy with respect to Gono. Tsvangirai will continue to argue to Mugabe that Gono's reappointment last year was in violation of the Inter-Party Agreement of September 15, and that it was in violation of the Reserve Bank Act which requires the president to appoint the governor after consultation with the finance minister. Arguably at the time there was no legally appointed finance minister since Mugabe had dissolved cabinet before the March elections. Tsvangirai will next appeal to SADC in its role as a guarantor of the September 15 agreement to prevail upon Mugabe to dismiss Gono. Finally, in an effort to put pressure on Mugabe, Biti will seek, as he has Qeffort to put pressure on Mugabe, Biti will seek, as he has already done, to marginalize Gono, and Parliament will initiate an inquiry into Gono's illegal activities.

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COMMENT  
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¶5. (C) Gono's continuing position at the RBZ is a powerful symbol of the absence of ZANU-PF good faith. The MDC has rightly pressed for his exit, but we are skeptical he will go soon. END COMMENT.

MCCEE